

SECOND INTERIM ADMINISTRATIVE AGREEMENT

This Second Interim Administrative Agreement ("Agreement") dated the 16 day of November 2011, is made between MCR, LLC and MCR Federal, LLC (collectively, "MCR" or "Company") and the United States Department of the Air Force ("Air Force"). As used herein, "MCR" means, without limitation MCR, LLC and MCR Federal, LLC, and all other operating divisions, units and wholly-owned subsidiaries of MCR and all entities acquired or established by MCR during the term of this Agreement.

PREAMBLE

1. MCR is a Government contractor, which has its principal place of business in McLean, VA.
2. The Air Force inadvertently disclosed Source Selection Sensitive Information (SSSI) to MCR during the Final Proposal Revision (FPR) process for a contract to support the Air Force Electronics Systems Center. The SSSI included the bid price and technical evaluation of MCR's competitor in the solicitation. The MCR recipient immediately, and without opening the attachment, forwarded this information to the technical team working on the MCR proposal.
3. MCR received a recall request from the Air Force within 10 minutes of the release of the SSSI, followed by other containment instructions. Although MCR began containment efforts the same day, MCR did not contain the SSSI until two days later and in the process of quarantining the information, exposed more individuals to the SSSI.
4. MCR continued to allow the exposed people to participate in revising the FPR notwithstanding their knowledge of the competitor's pricing information. Specifically, MCR represented that it separated the tainted individuals from efforts to assist MCR's price proposal, but continued to allow the individuals to participate personally and substantially in the technical proposal effort. It is undisputed that technical approach was the largest driver of cost in this solicitation.

5. On August 23, 2011, after the required contracting officer-led investigation into this potential Procurement Integrity Act violation, the Air Force suspended MCR from Government contracting and Government-approved subcontracting pursuant to the procedures contained in the Federal Acquisition Regulation (FAR) Subpart 9.4 and the Department of Defense FAR Supplement (DFARS) Subpart 209.4.

6. Although MCR has represented that it did not use the SSSI, at this stage of the investigation, the Air Force has no way to confirm this fact, or confirm if the tainted individuals' recommendations on technical approach were tainted by these employees' knowledge of their competitor's price. A criminal investigation is ongoing into these and other issues in the District of Massachusetts.

7. MCR's then Chief Executive Officer represented to the Air Force that the company viewed itself as a "mom and pop operation" despite having approximately 800 employees and doing approximately \$150 million worth of business with the Government per year. The company and the Air Force agree that the company outgrew its policies and procedures by a considerable margin and what was in place at the time of the misconduct was not sufficient for such a large, sophisticated organization. The fact that MCR employees did not go to the MCR Ethics Officer because the employees did not believe the ethics officer could help with non-Human Resources-related questions is alarming to MCR and the Air Force.

8. MCR expressed an interest in demonstrating that, notwithstanding the misconduct for which MCR was suspended, MCR could be trusted to deal fairly and honestly with the Government and that suspending or debarring MCR from future Government contracting was not a necessary protection in this case. MCR acknowledged its improper conduct, the improper conduct of its employees, and its deficient procedures. MCR took responsibility for the wrongdoing. MCR agreed to keep in place MCR's voluntarily adopted Business Ethics Compliance Program ("Program") and to take other actions to improve that Program, and other processes, to assure that MCR possesses the high degree of business honesty and integrity required of a Government contractor.

9. MCR agreed that developing a best-in-market-segment ethics operation, with scenario-based, cascading ethics training provided to all employees by their immediate supervisors, is of the utmost importance to shift the company from a rules-based compliance approach to the values-based approach that the Company and the Air Force expect for MCR.

10. MCR repeatedly represented that it was in immediate danger of “going out of business” or “being forced to close its doors.” Accordingly, MCR represented that it was not possible to effect all of the necessary changes to the company’s structure and culture before the company failed. Although there was no support for this representation in the record, the Air Force was willing to accommodate MCR, based upon its apparent willingness to promptly improve its Program to meet industry best practices.

11. On September 26, 2011, MCR and the Air Force entered into an Interim Administrative Agreement (the “First Agreement”). On that same date, the Air Force lifted the suspension of MCR. Because of MCR’s claimed inability to promptly implement processes sufficient to satisfy the Air Force prior to the execution of the First Agreement, and because of the uncertainty as to the scope of the admitted misconduct because of the ongoing criminal investigation, the First Agreement was interim in nature, and was subject to termination following specific triggering events, or at the Air Force’s discretion.

12. After signing the First Agreement and terminating MCR’s suspensions, the Air Force received supplemental affidavits from MCR employees (through their separate counsel) regarding the nature of the misconduct. Those affidavits changed the Air Force’s understanding of the underlying facts giving rise to MCR’s suspensions. The Air Force was also alerted to possible additional misconduct that was not covered in MCR’s initial suspensions.

13. As a result, on October 28, 2011, the Air Force terminated the First Agreement and again suspended MCR from government contracting. MCR agrees that the termination of the First Agreement and the suspension were properly within the Air Force’s discretion under the terms of the First Agreement, and the suspension was lawfully based upon FAR Subpart 9.4.

14. On November 9, 2011, MCR notified the Air Force of several significant management changes that the Company made voluntarily, including naming an ethics expert to the Board of Directors, replacing the President and the CEO, redefining the roles of other individuals involved in the underlying misconduct, and making substantial changes in the Company's processes and procedures.

15. On November 10, 2011, MCR notified the Air Force of additional process changes the Company made in response to the new misconduct identified in the October 28, 2011 suspension. Through counsel, MCR also informed the Air Force about the rapidly declining state of MCR's finances.

16. On November 14, 2011, Michael Galvin, MCR's Chairman of the Board and new Chief Executive Officer, wrote to the Air Force to introduce himself and share his views of MCR's conduct. Mr. Galvin represented that MCR employees engaged in communications regarding aspects of MCR's final proposal revision, and that those "back and forth communications [] should not have occurred." Mr. Galvin further represented "[a]t root, it is MCR that is to blame for believing it could avoid even the appearance of impropriety by walling off Marston from decision-making but at the same time permitting him to help develop the technical proposal." This was because "in a procurement like this, it is difficult to divorce the technical proposal from the pricing proposal in the sense that the pricing will be driven by the technical approach ultimately decided upon." Because of this relationship, "MCR should have been more scrupulous in assuring that the technical input could not have been perceived as having steered pricing."

17. The Air Force previously had provided MCR with a copy of the administrative record, which contained the contracting officer's Determination and Findings from his review. After the October 28 suspension, the Air Force provided to MCR additional materials for the administrative record, and MCR has supplemented the Administrative Record with additional submissions. The Air Force and MCR acknowledge that this case involves an active criminal investigation and a parallel present responsibility review. As such, the record is constantly evolving. The entirety of the Administrative Record as of the date of this Agreement is incorporated herein by reference.

18. The Air Force and MCR agree that Federal Acquisition Regulation (FAR) 9.407 provided legally sufficient causes for both of MCR's suspensions. The Air Force has further determined, however, that based upon information currently known to the Air Force, MCR's corrective actions since the October 28, 2011 suspensions, and based upon MCR's continuing representations as to future actions reflected in the terms and conditions of this Agreement, adequate assurance exists at this time that MCR's future dealings with the Government, if any, will be conducted responsibly and that suspension or debarment is not necessary at this time to protect the Government's interests. The parties, therefore, agree to the terms and conditions set out below.

19. The Parties acknowledge that because of the active criminal investigation the facts and the administrative record are constantly evolving, and that the termination of this interim agreement may be necessary to protect the Government's interests. In consideration of the Air Force's willingness to enter into this interim agreement at a time when the facts are not fully known, MCR agrees that the Air Force may at any time terminate this interim agreement and reimpose the suspensions, at its sole discretion, for any reason, and that MCR will not challenge such decision or the base(s) for the reimposed suspensions in any court or in any forum. The Parties recognize that this agreement and understanding is a material provision to this interim agreement, and the Air Force would not have terminated the suspensions absent this provision, and MCR's representations that it agreed to this provision and the other terms of this Agreement in good faith. MCR agrees further that the filing of any action challenging or attempting to challenge any decision by the Air Force to terminate this Agreement and/or to reimpose the suspensions would establish an additional, legally valid basis for the suspensions under the FAR, case law and the U.S. Constitution.

ARTICLES

1. **SUSPENSIONS:** The suspensions of MCR will be promptly terminated, without prejudice, following execution of this Agreement by the Air Force. The Air Force's decision to remove the Company's suspension shall not restrict any other agency of the Government from

instituting administrative actions, including, without limitation, suspension or debarment should other information indicating the propriety of such action come to the attention of such other agency, or additional information concerning the facts at issue here is discovered by the Government, which facts were not disclosed by the Company or by the exercise of reasonable diligence could not have been discovered by the Government as of the date of this Agreement. The Air Force shall retain the ability to institute administrative actions, including, without limitation, suspension or debarment, for any reason, and at its sole discretion. MCR agrees that it will not challenge or otherwise contest such administrative action in any forum, to include administrative, judicial or executive, except that MCR may request the Air Force's reconsideration of its decision under the procedures of FAR 9.406-4(c). MCR further agrees not to contest the administrative decision on any request for reconsideration in any forum, to include administrative, judicial or executive. The Air Force's ability to institute administrative actions under this Article 1 is in addition to the provisions of Article 3 hereof, and consistent with the terms of Preamble paragraph 19.

2. **EMPLOYEES:** The word employee(s) in this Agreement includes the Company's officers, permanent, temporary, and contract employees, full-time and part-time employees, consultants, and members of the Board of Directors.

3. **PERIOD OF THE AGREEMENT:** The Agreement shall become effective upon its execution by the Air Force. At the date of execution of this Agreement, the period of the Agreement is indefinite. In addition to by operation of Article 1, the period may become fixed in the future by operation of this Article 3.

a. If MCR is not charged with any criminal offense relating to the matters set out in the Notice and Memorandum, within two years of the effective date of this Agreement, the terms and conditions of this Agreement shall continue in force and effect and the period of the Agreement shall be fixed as three years from the date of the execution of this Agreement by the Air Force.

b. If MCR is charged with a criminal offense, or a civil judgment is obtained against MCR by the Department of Justice ("DOJ") (to include United States Attorney's offices), relating to any of the matters described in the Notice and Memorandum, the period of this Agreement will not become fixed, and this Agreement shall expire, and the Air Force will again

suspend MCR and any of its officers and employees that the Air Force deems appropriate. MCR agrees not to contest such a suspension in any forum, to include administrative, judicial or executive, except MCR shall be permitted to request reconsideration of the decision under the procedures of FAR 9.406-4(c). MCR agrees not to contest the administrative decision on any request for reconsideration in any forum, to include administrative, judicial or executive.

c. If, at any point during the term of this Agreement, the Air Force determines, in its sole discretion, that MCR has failed to meet any requirement of this Agreement, the Air Force may terminate this Agreement and suspend, or initiate proceedings to debar or extend the debarment of MCR and its employees, as appropriate. MCR agrees not to contest such a suspension or debarment in any forum, to include administrative, judicial or executive, except MCR shall be permitted to request reconsideration of the decision under the procedures of FAR 9.406-4(c). MCR agrees not to contest the administrative decision on any request for reconsideration in any forum, to include administrative, judicial or executive.

d. As used herein, the term "Agreement" shall mean this Interim Administrative Agreement and any fixed-period agreement that may follow pursuant to this article.

4. **SELF-GOVERNANCE PROGRAM.** MCR has implemented and agrees to maintain and improve a self-governance program that includes a Business Ethics Compliance Program that covers all employees. The Program shall be maintained so as to ensure that the Company and each of its employees maintains the business honesty and integrity required of a Government contractor and that the Company operates in strict compliance with all applicable laws, regulations, and the terms of all of its government contracts and subcontracts. The Company represents that the Program includes or will include the following components, all of which shall be fully implemented within four (4) months of the effective date of this Agreement unless otherwise expressly stated:

a. **MANAGEMENT.** The Company has replaced its President and CEO, made several additional management changes, and has retained Patrick Gnazzo as its Acting Chief Ethics and Compliance Officer on an indefinite basis until the Company can hire an individual with suitable background and experience to serve as the Company's permanent Chief Ethics and Compliance Officer. Mr. Gnazzo also is a member of MCR's Board of Directors and is the Vice Chairman of the Board's

Ethics and Audit Committee. In addition to the Chief Ethics and Compliance Officer, the Company shall undertake to hire an experienced attorney in government contracts as a full-time employee and General Counsel.

b. **CODE OF ETHICS AND BUSINESS CONDUCT.** The Company maintains a written Business Ethics Compliance Program and its related Code of Conduct (together, "Code"). A copy of the Code is attached as Exhibit 1 to this Agreement. The Code has been circulated to each employee of the Company. After reading the Code, each current employee has been instructed to sign, within thirty (30) days following the execution of the First Agreement, a certification that he or she has read and understood the Code. The Company shall maintain the certifications in a register open to inspection by the Air Force and shall certify within five (5) days of the execution of this Agreement that all employees have signed the register. Thereafter, at least once in each calendar year, each employee shall repeat the procedure of reading the Code and signing the register. In addition, within thirty (30) days of starting employment, new employees shall attend compliance training as needed and appropriate for the position and department the individual is entering, in addition to Ethics Training, training on the Code and expectations of the company for how to deal with ethics and compliance issues as they arise, not less than hour in length, provided by MCR's Chief Ethics and Compliance Officer. Thereafter, each new employee shall be required to read the Code and sign the register stating that he or she has read and understood the Code. The Code shall be updated not less than annually, with descriptions of the updates and track-changes versions of the policies forwarded to the Air Force at the end of the reporting cycle during which the updates and enhancements were made. The Ethics Training module shall also be updated not less than annually with initial and updated materials forwarded to the Air Force at the end of the reporting cycle during which the creation, updates or enhancements of the materials occurred.

c. **INFORMATION AND EDUCATION PROGRAM.** Also as part of the Program, the Company has instituted and shall maintain and improve an information and education effort designed to assure that all employees are aware of all laws, regulations, and standards of business conduct they are expected to follow, their expected ethical conduct, and the consequences both to the employee and the Company that will ensue from any violation. Training consists of at least one hour of annual, scenario-based ethics training to all employees taught by their supervisors, compliance training as needed, plus at least one hour of initial ethics and compliance training for every new employee. The annual training, to be rolled-out in cascading fashion from the Board to the CEO, then from the CEO to his direct reports, then from those direct reports to their direct reports, and so on until every MCR employee has

been trained, was completed within forty five (45) days after the effective date of the First Agreement. This information and education program shall be more than a recitation of the Code or ethical standards. Instead, for high risk areas for the company (and capable of being added to so as to include any other areas of concern to the immediate supervisor, specific to their department), the supervisor will highlight the Code requirements and discuss the reasons for the policies and the consequences of non-compliance with the employee. The immediate supervisor shall also initiate a discussion of ethics scenarios dealing with the largest risk areas for the Company. These scenarios will involve the immediate supervisor introducing a set of facts with no obvious “right” answer, and involving the employee in a discussion about possible courses of actions and the ethical implications of each. These scenarios will not be monologues by the immediate supervisor. Rather, the employee will provide much of the discussion, and the supervisor will moderate and engage as appropriate. The information and education effort shall be updated and enhanced not less than annually, with descriptions of the enhancements and copies of training materials forwarded to the Air Force at the end of the reporting cycle during which the updates and enhancements were made.

d. **CONFLICTS OF INTEREST:** MCR has approved, has begun implementing, and will fully implement within five (5) days after the execution of this agreement the new personal conflict of interest rules to be contained in FAR 3.11, prior to that rule’s effective date. As part of its information and education effort, MCR will provide training regarding the obligations to: prevent and report on personal or organizational conflicts of interest; limit use of non-public Government information; and avoid even the appearance of an improper conflict.

e. **LANGUAGES.** All written materials and training related to the Program will be provided in English and in any other language necessary to assure that each employee understands all elements of any written or oral presentation.

f. **REPORTING AND INFORMATION RESOURCES.** The Company has created and will maintain an external, 24-hour, toll-free ethics hotline (“Hotline”) under which employees may report concerns anonymously, and report issues or seek guidance on any aspect of the Company’s business. Notices publicizing the Hotline number will be posted in prominent locations at every Company office, to include but not be limited to its headquarters and field offices. The Notices will also state the Company’s commitment to comply with all applicable laws and regulations in the conduct of its

business. Within fifteen (15) days of execution of the First Agreement, the Company posted in common work areas a “Hotline” poster providing the phone numbers to report fraud, waste, abuse and/or security violations to the Inspector General of the Department of Defense.

5. ETHICS/COMPLIANCE PROGRAM REVIEW. MCR has retained Contractor Integrity Solutions, an independent organization (“IO”) acceptable to the Air Force with expertise in evaluating ethics programs to review the Company’s current Program. A report of that review, which has been provided to the Air Force, sets forth several features of the Program that at the time had yet to be implemented. Within five (5) days of the effective date of this Agreement, an IO (either Contractor Integrity Solutions, or any other ethics consultant acceptable to the Air Force) will provide a second report to the Company and the Air Force. The second report shall address the requirements stated in this Agreement, the applicable portions of FAR 3.1002, 3.1003, 9.406-2(c)(vi), and 52.203-13, where the Company is positioned compared to industry best practices¹ concerning ethical business operations, and any other aspect of ethical business operations that the IO deems necessary to review. The IO shall issue recommendations for change in MCR’s practices, policies and/or procedures as they deem appropriate, to include steps necessary to align MCR’s Program with industry best practices. The IO shall issue the report without first discussing its proposed conclusions with the Company or its representatives. The IO’s report will include as part of an executive summary or as a summary appendix a clearly expressed table, in straightforward language, that lists each deficiency, weakness, or area for improvement, and the recommended steps to become best-in-industry-segment and/or meet industry best practices. Within 15 days after receiving the report, the Company shall provide an action plan regarding the implementation of the recommended changes to the IO and the Air Force, and/or an explanation as to why the recommendations will not be implemented. The IO shall issue reports to the Air Force every 30 days following delivery of its second report to the Air Force concerning the Company’s progress against the IO’s recommendations and on any other topic the IO deems necessary to address. This reporting period shall remain monthly until such time as the Air Force, in its sole discretion, finds that a reduced reporting period is warranted. The IO shall be free to communicate with the Air Force without interference from MCR. The Air Force may communicate with the IO on a confidential basis and without

¹ To the extent that company size and revenues are used in the IO’s assessment, the Company agrees that its size and revenues the day before its suspension provide appropriate metrics.

disclosure to MCR. Neither the delivery to nor review by the Air Force of any IO report shall waive, limit or in any way diminish the Air Force's right to obtain, review, analyze or evaluate any underlying actual evidence of MCR's compliance or non-compliance with this Agreement or applicable law, including any information or evidence shared with the IO or any predecessor serving a similar function (such as the Acting Ethics Officer). In addition to the IO report, as set forth herein, the IO will submit a final report to the Air Force no later than two months prior to the expiration of any fixed term to this Agreement. The final report shall (i) assess the Program gauged against defense industry best practices, and (ii) certify MCR's full compliance with the terms of this Agreement, or set out in detail the areas of noncompliance. In addition, the IO shall investigate the facts giving rise to MCR's suspension, to include but not be limited to whether MCR's competitor's price was or was not used in preparing MCR's final proposal revision, and provide a report concerning these facts to the Air Force at the same time they are delivered to MCR. The IO shall not first deliver, transmit, communicate or discuss in any way any aspect of the report in whole, in part, in writing, orally or in any other medium before the report is delivered to the Air Force.

6. THE SCS IV CONTRACT: As part of its effort to demonstrate it present responsibility, the company has withdrawn its bid protest of the SCS IV Contract. This protest will not be reinstated in any forum, and the Company agrees not to hinder, delay or adversely affect the award or performance of this contract.

7. FUTURE PROPOSALS: When responding to future Government solicitations, the Company agrees to provide information about the current status of its Program. The language used in these proposals shall be included in an index to the periodic reports required by Article 13 and shall be subject to audit by the IO and the Air Force.

8. GOVERNMENT INFORMATION AND CONFLICTS OF INTEREST: MCR has adopted and will maintain a policy prohibiting information gathering activities by employees working at Government facilities or on Government contracts:

The gathering of public information in preparation of developing a response to a Government request for proposal is legal and proper. However, any and all information gathered in preparation for a response to proposal should be developed solely from public information available to all bidders. All public information gathering and analysis must be performed on MCR computers,

during non-government work time and away from government facilities.

9. **ADMINISTRATION COSTS:** The Company paid to the Air Force \$30,000 (payable to the Department of the Air Force) to cover the Air Force's costs of independently reviewing this matter and administering the Agreement.

10. **PREFERRED SUPPLIER PROGRAM.** The Company shall institute a Preferred Supplier Program within 120 days of the effective date of this Agreement. The Preferred Supplier Program shall be designed so as to in some manner reward its suppliers and subcontractors that have instituted and maintain compliance and values based ethics programs.

11. **PERFORMANCE STANDARDS.** Promotion of and adherence to the Program is an element of each manager's written performance standards and each manager is appraised annually in writing on his or her adherence to and promotion of the Program. The Company will submit, as a part of each report to the Air Force pursuant to Article 13, a statement by the Chief Executive Officer that each manager has been appraised on his or her adherence to and promotion of the Program.

12. **ETHICS CERTIFICATES.** Each Company employee will be subject to an annual requirement to attest that he or she (a) has attended a live training session concerning the content and application of the company's business ethics program; (b) understands that strict adherence to the law, the Code, and the principles of the business ethics program is a condition of employment; and, (c) understands that the Company will take disciplinary action, including discharge, for any violations of law, the Code, the principles of the business ethics program, or basic tenets of business honesty and integrity, or failure to take reasonable steps to prevent or detect improper conduct. A copy of the certificate used to fulfill this requirement will be included in the Code of Ethics and Business Conduct and is attached as Exhibit 2. The Company will submit, as a part of each report to the Air Force pursuant to Article 13, a statement signed by the Chief Executive Officer that he has verified that the certifications are being maintained and that each employee has provided a certification as required by this provision. The certificates shall be maintained and available for the Air Force's review and inspection during the period of this Agreement.

13. PRESIDENT RESPONSIBLE. The President is responsible for ensuring that the company maintains and updates the Code as necessary, as well as providing for periodic audits (at least once each calendar year) of the Company's business practices, procedures, policies and internal controls for compliance with this Agreement, and the special requirements of Government contracting. Such shall include monitoring and auditing to detect misconduct, periodic evaluation of the effectiveness of the Program and periodic assessment of the risk of misconduct, with appropriate steps to modify the Program as necessary to reduce the risk of misconduct as identified through this process. The Chief Ethics and Compliance Officer shall report to the President in person and in writing not less than quarterly concerning the Company's Program and compliance with this Agreement. The President shall take whatever actions are appropriate and necessary to ensure that the Company conducts its activities in compliance with the requirements of the law and sound business ethics. The Company shall provide to the Air Force copies of such written reports in accordance with Article 13 of this Agreement.

14. REPORTS. Each calendar quarter, the President shall submit a written report to the Air Force describing the measures taken by the Company during that quarter to ensure compliance with this Agreement. The reports shall be submitted in time to be received at the Air Force within twenty days of the end of the calendar quarter. The final report is to be received not later than one month prior to the final day of this Agreement. Exhibit 3 sets out dates that reports from the President are due. The reporting dates are deadlines for receipt of the reports at Air Force Headquarters. The Company's failure to meet these requirements on or before the dates agreed to shall constitute a breach of this Agreement. The reports shall include:

- a. Standards of conduct/ethics/compliance training conducted, subject matter covered, and the number and type of persons who attended.
- b. Informal notifications or initiatives relating to the Program.
- c. Information required by other Articles in this Agreement.
- d. The initiation of and status of any ongoing investigation of, or legal proceedings by the U.S. Government involving the Company, including times, places, and subject matter of search warrants, subpoenas, criminal charges, and criminal or civil agreements.

- e. A statement that the President has verified that the certifications referenced in Article 3 are being maintained and that each employee has signed a certification as required by this provision.
- f. A report identifying all calls and statements made to the Company in any form or fashion, to include via the confidential toll-free line, regarding instances of suspected misconduct brought to the attention of management through any channel during the preceding quarter. Such reports shall summarize the facts of each matter, stating the date and source (generically identified only as employee, consultant, outsider, etc.), medium of the report, the date and nature of the reported conduct, type and results of any internal investigation, corrective and/or disciplinary action and date of feedback to the source of the information. Matters pending resolution at the time of a reporting period shall be reported each quarter until final resolution of the matter is reported. If the company has received no reports, the Company shall report that fact, and a statement as to the steps MCR intends to take to encourage employee reporting. For purposes of this Article, the Company may summarize the matters reported. The complete the Company files on each case, however, shall be made available to the Air Force upon request.
- g. MCR will take corrective action, including making prompt restitution of any harm to the government, where investigation by MCR or the government results in credible evidence of such misconduct. Summary reports of the corrective action and restitution shall be reported to the Air Force at the conclusion of the reporting period where such payment was made.
- h. A statement of any problems or weaknesses identified by the Program, corrective action proposed or initiated, and the status of any corrective action.

14. MANAGEMENT. MCR voluntarily has made changes to its executive management, including appointing a President and an interim Chief Executive Officer (“CEO”). The principal members of the Company’s management on the date of the execution of this Agreement by the Company are provided in Exhibit 4. The Company agrees to notify the Air Force within one week if any of these principals leaves his or her current position and to provide the name of the successor to the Air Force upon appointment.

15. LEGAL PROCEEDINGS. The Company shall disclose in writing to the Air Force within 10 days of the execution of this Agreement all known criminal or civil investigations of the Company by any Government entity. In addition to the periodic written reports required under Article 13, the Company shall notify the Air Force within two working days of the time the Company's Chief Executive Officer, President, or General Counsel learns of (a) the initiation of any additional criminal or civil investigation by any U.S. federal, state, or local government entity involving any allegations of Foreign Corrupt Practices Act, false statements, false claims, corruption, conflict of interest or anti-trust violations, or any other offenses relating to the Company's business integrity, if the Company has reason to believe that it is a target or subject of such investigation; (b) service of subpoenas by any such U.S. governmental entity, if the Company has reason to believe that it is a subject or target of the investigation; (c) service of search warrants and/or searches carried out by any U.S. government entity in any Company facility; (d) initiation of legal action against the Company, or any of its affiliates, employees, or agents by any U.S. government entity alleging violations of the Foreign Corrupt Practices Act, false statements, false claims, corruption, conflict of interest, anti-trust violations or any other offenses relating to the Company's business integrity; or (e) criminal charges brought by any U.S. government entity against the Company or any of its affiliates, employees, or agents, relating to the business of the Company. The Company shall provide to the Air Force as much information as necessary to allow the Air Force to determine the impact of the investigative or legal activity upon the present responsibility of the Company for Government contracting.

16. COOPERATION WITH INVESTIGATIONS. The Company shall cooperate fully with all Government agencies responsible for audits, investigations or corrective actions, including the Government's investigation of the matter set out in the Preamble of this Agreement. MCR agrees that full cooperation shall be judged by the Air Force (or, if appropriate, other Government agency), in its sole discretion, and shall include at a minimum MCR providing to the Air Force all documents reviewed by MCR's IO and Acting Chief Ethics and Compliance Officer with respect to the Government's investigation referenced in the preamble hereto and MCR providing full, unfettered, and timely access to employees, records, documents, electronically-stored information, and any other information or evidence to federal law enforcement upon request and without requiring a subpoena. The Company shall not seek to

exclude from evidence any of the information it provides to the Air Force (or other Government agency) pursuant to this Agreement.

17. MEETING. Between five and seven months after the effective date of this Agreement, and again between two and four months prior to the expiration of this Agreement (in the event there is a fixed term), the CEO and/or the President and the Chief Ethics and Compliance Officer shall meet with the Air Force Deputy General Counsel for Contractor Responsibility or a designee to discuss the status of compliance with this Agreement and the implementation of the Program.

18. LIST OF AUDIT REPORTS. In addition to the audit reports elsewhere required by this Agreement, the Company agrees to provide the Air Force with a list of all internal and external audit reports, regardless of source, either generated by or received by the Company during the reporting period covered by the current Article 13 report. The Company shall include in the list reports generated as a result of customer or Government surveys of the Company.

19. REPORTS OF MISCONDUCT. In addition to the routine reports of misconduct required by Article 13, and any disclosure to the agency Office of the Inspector General and the contracting officer required by FAR 52.203-13 (copies of which the Company will provide to the Air Force), the Company shall report to the Air Force, within 15 days of discovery by management, any suspected misconduct that management has reasonable grounds to believe may constitute a violation of U.S. criminal or civil law. The misconduct to be reported pursuant to this article includes misconduct by any person, including, but not limited to, the Company, the Company's employees and Government employees, when related to the conduct of the Company's business, and shall include misconduct disclosed to the Company from any source relating to the Company's business. The Company will investigate all reports of such misconduct that come to its attention and will notify the Air Force of the outcome of such investigations and any potential or actual impact on any aspect of the Company's business. The Company will take corrective action, including prompt restitution of any harm to the Government. The Company will include summary reports of the status of each such investigation to the Air Force in the reports submitted pursuant to Article 8 until each matter is finally resolved.

20. LETTERS TO MAJOR SUPPLIERS AND MAJOR SUBCONTRACTORS. Within 45 days of the effective date of the First Agreement, the Company distributed to its major

suppliers and major subcontractors a letter (1) emphasizing the Company's commitment to procurement integrity, (2) asking such suppliers and subcontractors to report to the Company's General Counsel and Ethics Officer any improper or illegal activity by Company employees, (3) and informing them of the contact information for the Company Hotline. A copy of the letter is at Exhibit 5. A copy of each year's letter shall be furnished to the Air Force pursuant to this Article 20.

21. EMPLOYMENT OF SUSPENDED OR DEBARRED INDIVIDUALS. The Company has instituted a written policy stating it shall not knowingly employ, an individual who is under indictment, convicted, or listed by a Federal Agency as debarred, suspended, or otherwise ineligible for Federal programs. In order to carry out the policy, the Company shall make reasonable inquiry into the status of any potential employee or consultant. Such reasonable inquiry shall include, at a minimum, review of the General Services Administration's (GSA) List of Parties Excluded from Federal Procurement and Nonprocurement Programs as maintained by GSA on the internet. The policy does not require the Company to terminate the employment of individuals who are indicted or become suspended or are proposed for debarment during their employment. The Company, however, will remove such employees from responsibility for or involvement with the Company's Government contracts businesses until the resolution of such suspension or proposed debarment. In addition, if any employee of the Company is charged with a criminal offense relating to business or otherwise relating to honesty and integrity, the Company will remove that employee immediately from responsibility for or involvement with the Company's Government contracts businesses. If the employee is convicted or debarred, the policy requires that the employee will be terminated from employment with the Company. The Company shall notify the Air Force of each such personnel action taken, and the reasons therefore, within 15 days of the action.

22. BUSINESS RELATIONSHIPS WITH SUSPENDED OR DEBARRED ENTITIES. The Company has instituted a written policy stating it shall not knowingly form a contract with, purchase from, or enter into any business relationship with any individual, business entity or business entity controlled by an individual that is listed by a Federal Agency as debarred, suspended, or proposed for debarment. To effectuate this policy, the Company shall make reasonable inquiry into the status of any potential business partner, to include, at a minimum, review of the General Services Administration's List of Parties Excluded from Federal

Procurement or Nonprocurement Programs including the version of this list maintained by GSA on the internet. Notwithstanding any other provision of this paragraph, the Company may enter into a business relationship with a suspended or debarred contractor, if the Ethics Officer first determines in writing that a compelling reason justifies the action and furnishes to the Air Force a copy of the determination not less than 10 days prior to the Company entering into such a business relationship. The Company shall not enter into a business relationship with a suspended or debarred entity if the Air Force objects. In addition to the provisions of this article, the Company shall comply with the requirements of FAR 9.405-2(b) and provide to the Air Force a copy of the documents submitted to the contracting officer pursuant thereto.

23. PROPOSED CHANGES. The Company shall notify the Air Force of any proposed significant changes in the relevant directives, instructions, or procedures implemented in furtherance of the Company's Program and compliance with this Agreement. The Air Force, or its authorized representative, retains the right to verify, approve, or disapprove any such changes. No such changes shall be implemented without the prior approval of the Air Force.

24. ACCESS TO RECORDS AND INFORMATION. In addition to any other right the Air Force may have by statute, regulation, or contract, the Air Force or its duly authorized representative may examine the Company's books, records, and other company documents and supporting materials for the purpose of verifying and evaluating: (a) the Company's compliance with the terms of this Agreement; (b) the Company's business conduct in its dealings with all of its customers, including the Government; (c) the Company's compliance with Federal laws, regulations, and procurement policies and with accepted business practices; and (d) the Company's compliance with the requirements of Government contracts or subcontracts. The materials described above shall be made available by the Company at all reasonable times for inspection, audit, or reproduction. Further, for purposes of this provision, the Air Force or its authorized representative may interview any employee at the employee's place of business during normal business hours or at such other place and time as may be mutually agreed between the employee and the Air Force. Employees will be interviewed without a representative of the Company being present. The employee may be represented personally by his own counsel if requested by the employee.

25. UNALLOWABLE COSTS.

- a. The Company agrees that all costs, as defined in FAR 31.205-47, incurred by, for, or on behalf of the Company or any current or former officer, director, agent, employee, consultant, or affiliate shall be expressly unallowable costs for Government contract accounting purposes. Unallowable costs include, but are not limited to, costs arising from, related to, or in connection with (a) the matters at issue here, (b) the Government's criminal and civil investigations regarding the matters at issue here, (c) the Air Force's independent review of the Company's present responsibility, including the costs of the company's submissions, presentations, and appearances before the office of the Air Force Deputy General Counsel for Contractor Responsibility, and (d) the Administration Costs paid to the Air Force pursuant to Article 8 of this Agreement. The Company's costs of performing and administering the terms of this Agreement and any fines or penalties levied or to be levied in or arising out of the matter at issue here are agreed to be expressly unallowable costs. The Company's present and future costs of maintaining, operating, and improving the Company's corporate self-governance/compliance/ethics programs are allowable costs for purposes of this Agreement.
- b. The Company agrees to treat as unallowable costs the full salary and benefits of any officer, employee, or consultant terminated from the Company's employ or removed from government contracting as a result of the events at issue here and the cost of any severance payments or early retirement incentive payments paid to employees released from the company as a result of the wrongdoing at issue here. For purposes of the preceding sentence, the salary and benefits costs shall include all such costs from the first instance of participation of each individual in the matters at issue here, as determined by the Air Force.
- c. The Company recognizes that in order to comply with the terms of this paragraph, certain costs may need to be reclassified. The Company shall proceed immediately to identify and

reclassify such costs and, within ninety days of the effective date of this Agreement, the Company shall adjust any bid rate, billing rate, or unsettled final indirect

cost rate pools to eliminate any costs made unallowable by this Agreement, and shall advise the Air Force, the cognizant administrative contracting officer, and the cognizant Government auditor of the amount and nature of the reclassified costs within 120 days of the date of this Agreement. The Air Force or a designated representative shall have the right to audit the Company's books and records to

verify compliance with this paragraph. Such audit rights shall be in addition to any audit rights the Government may have under the terms of any contract with the Company.

26. ADVERSE ACTIONS. The Company avers that adverse actions taken, or to be taken, by the Company against any employee or other individual associated with the Company arising out of or related to the wrongdoing at issue here were solely the result of the Company's initiatives and decisions and were not the result of any action by, or on behalf of, agents or employees of the United States.

27. PRESENT RESPONSIBILITY. The Company's compliance with the terms and conditions of this Agreement shall constitute an element of the Company's present responsibility for Government contracting. The Company's failure to meet any of its obligations pursuant to the terms and conditions of this Agreement, as determined by the Air Force in its sole discretion, constitutes a separate cause for suspension and/or debarment. Should such suspension and/or debarment issue, the Company agrees that it shall not contest the action in any forum or manner. By entering into this Agreement, the Air Force is not determining that the Company is presently responsible for any specific Government contract.

28. NOTIFY EMPLOYEES. Within thirty (30) days of the effective date of this Agreement, the Company will notify all employees of the fact and substance of this Agreement, the nature of the wrongdoing leading to this Agreement, and the importance of each employee's abiding by the terms of this Agreement and all requirements of law, regulations, and the Company's policies and procedures.

29. COMPANY SALE OF BUSINESSES. In the event that the Company sells or in any way transfers ownership of any part of its business, the Company shall notify the Air Force in advance and shall require the acquiring entity as a condition of the sale to remain bound by the terms of this Agreement for the duration of this Agreement, including, but not limited to, all reporting requirements.

30. COMPANY PURCHASE OF BUSINESSES. In the event that the Company purchases or establishes new business units after the effective date of this Agreement, the Company shall implement all provisions of this Agreement, including all training or education requirements, within 60 days following such purchase or establishment.

31. WAIVER. The Company hereby waives all claims, demands, or requests for monies from the Government, of any kind or of whatever nature, that the Company, its parent and/or its subsidiaries may have or may develop in the future arising from, related to, or in connection with, any investigation, or as a result of administrative or judicial proceedings, or request for any other relief in law or in equity, or in any other forum be it judicial or administrative in nature arising out of or relating to the facts that gave rise to either suspension.

32. RELEASE. The Company hereby releases the United States, its instrumentalities, agents, and employees in their official and personal capacities, of any and all liability or claims arising out of or related to the investigation, the suspension, or the discussions leading to the First Agreement and this Agreement..

33. PARAGRAPH HEADINGS. The paragraph headings in this Agreement are inserted for convenient reference only and shall not affect the meaning or interpretation of this Agreement.

34. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which taken together, shall constitute one and the same agreement.

35. AIR FORCE RELIANCE. The Company represents that all written materials and other information supplied to the Air Force by its authorized representatives during the course of discussions with the Air Force preceding this Agreement are true and accurate, to the best information and belief of the Company. The Company also represents that it has provided to the Air Force all information in its possession relating to the facts at issue. The Company

understands that this Agreement is executed on behalf of the Air Force in reliance upon the truth, accuracy, and completeness of all such representations.

36. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether oral or written, relating to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

37. RESTRICTION ON USE. The Company shall not use any term of this Agreement, the fact of the existence of this Agreement, or the fact of the termination of the Company's suspension, for any purpose related to the defense or litigation of, or in mitigation of any criminal, civil, or administrative investigation or proceedings.

38. BANKRUPTCY. Bankruptcy proceedings shall not affect the enforcement of this Agreement in the interests of the Government.

39. AUTHORIZED REPRESENTATIVE. Vincent Kiernan is fully authorized to execute this Agreement and represents that he has authority to bind the Company.

40. SEVERABILITY. In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect other provisions of this Agreement.

41. NOTICES. Any notices, reports, or information required hereunder shall be in writing and delivered or mailed by registered or certified mail, postage prepaid as follows:

If to the Company, to: Vincent J. Kiernan
 President
 MCR, LLC
 2010 Corporate Ridge, Suite 350
 McLean, VA 22102


If to the Air Force, to: Deputy General Counsel for
 Contractor Responsibility (SAF/GCR)
 Department of the Air Force
 1235 S. Clark Street, Suite 301
 Arlington, VA 22202

or such other address as either party shall have designated by notice in writing to the other party.

42. PUBLIC DOCUMENT. This Agreement, including all attachments and reports submitted pursuant to this Agreement, is a public document. It may be distributed in whole, in part, or described in summary fashion, by the Air Force throughout the Government as appropriate and to other interested persons. The Air Force may use the substance of this Agreement or underlying Administrative Record information for any purpose without limitation and without prior approval of MCR.

43. MODIFICATION. This Agreement may be amended or modified only by a written document signed by both parties.

DEPARTMENT OF THE AIR FORCE



BY: Steven A. Shaw
Deputy General Counsel
(Contractor Responsibility)

DATE:

11/16/11

MCR, LLC and MCR FEDERAL, LLC



BY: Vincent J. Kiernan
President

DATE:

11/15/11

EXHIBITS

- 1) Code of Conduct
- 2) Certification Form for Code Conduct
- 3) Due Dates for Reports from President
- 4) Company Management on Date of Agreement
- 5) Letter to Major Suppliers and Subcontractors

Exhibit 1



Business Ethics
Code of Conduct
(November 2010
Revised: September 2011)

Prepared By:
Ethics Office
MCR, LLC
2010 Corporate Ridge
Suite 350
McLean, Virginia 22102

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Message from the CEO and President

Dear Fellow Employee:

I am proud to work for a company that contributes so much to our communities, our industry, and freedom around the world. Our continued success as a Company depends upon delivering innovative solutions to our customers while maintaining our commitment to integrity in everything we do.

MCR's most fundamental value is doing the right thing, consistently and over time, for our customers and our employees. The character of our Company is demonstrated in our values, our people, our commitment to success, and our excellence in service. But a strong ethical commitment is essential for any business to grow and to maintain its reputation.

Our program of business ethics is a cornerstone of our professional and personal commitment. Through the Company's ongoing endorsement of our Code of Conduct, MCR reconfirms and reinforces our continued dedication to maintaining the highest business standards. The intent of this document is to guide employees with respect to standards of conduct expected in areas where improper activities could damage the Company's reputation and result in adverse consequences.

All of us have a shared responsibility to maintain the highest standard of integrity and ensure that we sustain a place where we are proud to work. MCR believes that it is the personal responsibility of each employee to adhere to the standards and policies in their assigned duties and responsibilities. I hope you will take advantage — and maximize the value — of the information in this document by using it in conjunction with other resources that are available to you. From my perspective, ethics education is designed to be an expansive and continuous process — from online features to in-person education seminars, from manager sessions to formal policy distribution. I would ask that you consider this guide to be your starting point. Our ethical standards of business conduct — indeed our entire set of corporate values — are a continuous journey that we take together.

I urge you to become thoroughly familiar with the contents of this guide. I hope that you will find this Code of Conduct useful as a personal primer on ethical business conduct, now and in the future.

Sincerely,



Neil F. Albert
Chief Executive Officer and President

The Code of Conduct

MCR's values of Integrity, Excellence, Honesty, Service, and Trust set the foundation for our Code of Conduct. The Code provides further guidance about business behavior expected of the MCR community as we work and interact with fellow employees, customers, suppliers and other stakeholders. The Code applies to directors, officers, employees, consultants, representatives, and agents of the Company. The Code is fundamental to how we do business, and reinforces the responsibilities we all share in protecting the Company's reputation. The MCR Human Resources Office will house the Ethics Office in MCR and is dedicated to giving employees the support and advice they need to act according to the Code and our Values.

Employees are encouraged first to contact their supervisor to resolve concerns, report potential violations of policy or the Code, or to get advice on ethics-related issues. MCR leaders must be particularly careful with their words and conduct to avoid placing, or seeming to place, pressure on subordinates that could cause them to perform in a way that is contrary to the ethical standards set forth in this Code and company policies. If someone approaches you with a question or concern relating to the Code, listen carefully and ask for clarification and additional information to ensure that you fully understand the question or concern. Answer any question that you can, but do not feel that you must provide an immediate response. Seek help if you need it before responding. If the concern raised requires that an investigation be conducted to determine compliance with the Code, refer it to the appropriate resource identified in the section entitled, report violations of this Code.

Contacting MCR's Ethics Office

The Ethics Office (EO) has an email address at *Comments-Ethics@mcrl.com* for those wishing to raise a concern, to report alleged misconduct or violation of Company policy, government law or regulation, or to seek advice. You may also contact in writing to Ethics Office c/o MCR, LLC, 2010 Corporate Ridge, Suite 350, and McLean, VA 22102. Additionally, you may contact the Director assigned to your business unit. MCR has also established an independent third party line for any employee that wishes to report any concern or alleged misconduct or violation anonymously. That toll free number is 1-855-289-8242. There is also a web site at <https://mcr.ethicaladvocate.com>.

Reports will be investigated, and if substantiated, resolved through appropriate corrective action. Those found to have violated the Code will be subject to disciplinary action, including termination of employment. If you choose to identify yourself when making a report, you will be provided feedback when the Chief Ethics and Compliance Officer (CECO) has completed its review. For those who wish to report a concern or alleged violation in confidence, confidentiality will be maintained to the extent possible, although limited disclosure may be necessary in some cases to effectively conduct an investigation or where compelled by law. Employees are required to cooperate in internal investigations. Retaliation for filing an ethics complaint is a violation of Company policy.

MCR Values

Integrity

Be honest, forthright and trustworthy;
Use straight talk; no hidden agendas;
Respect ethics, law and regulation.

Excellence

Improve performance continually;
Stress quality, productivity, growth, best practices and measurements;
Always strive to be the best.

Honesty

Promise only what we can reasonably expect to deliver;
Strive to maintain our “honest broker” image;
Respond with personal, caring concern to a problem that shows you understand the problem and are interested in finding a solution.

Service

Honor commitments to customers, shareholders, the community and each other;
Welcome diversity and diverse opinions;
Help our fellow employees improve their skills.

Trust

Treat people with respect and dignity;
Accept personal responsibility to meet commitments; be accountable;
Foster teamwork and collaboration.

Comply with Law and Regulations

All directors, officers and employees must respect and obey applicable laws and regulations. Because we are a government contractor, the laws and regulations affecting MCR are complex, and it is important to seek advice from our General Counsel, or from the CECO's Office to ensure compliance with the law. MCR is committed to doing the right thing and we must remember for whom we work. For this reason, we believe that it is important to comply with both the letter and the spirit of the laws and regulations that govern our business. You are expected to perform all of your duties on behalf of MCR in compliance with all laws, regulations and company policies, this is a minimum expectation. The CECO, along with Our Legal Counsel are always available to help you understand the laws and regulations that apply to your job. It should be understood, however, that upholding our Values and this Code may require more than mere compliance with laws and regulations. If you perform work internationally you are also subject to the laws and regulations of the countries in which we do business. You may find that there is a conflict between the laws of the countries in which we operate and the laws of the United States or company policy. In those situations, you must consult with the General Counsel or the CECO to receive direction on how to handle the conflict.

Treat People with Respect and Dignity

Employees are expected to treat one another, customers, and business partners with respect and dignity. We value an inclusive workforce because it promotes diversity of thinking and reaching solutions that help us achieve excellence and meet the needs of our customers. We are committed to fair employment practices, and our employment related decisions are made without regard to race, color, creed, religion, national origin, sex, sexual orientation, age, disability, and U.S. military or other eligible veteran status. MCR leaders at all levels have a special obligation to encourage an open work environment and ethical culture, where employees are treated respectfully and may raise issues or concerns without fear of retaliation. MCR is committed to providing a safe and respectful work environment free from threats, violence, harassment and discrimination. Respecting others and performing with excellence create opportunities to achieve success in our workplace.

As a global enterprise, we recognize that the various countries in which we do business may have different legal provisions pertaining to discrimination and harassment in the workplace. Nonetheless, MCR has set a standard of zero tolerance for discrimination and harassment that applies to all of its employees, wherever they work. If you are an MCR leader, you have a special responsibility for promoting a positive, diverse, and inclusive work environment where everyone may raise issues or concerns without fear of retaliation.

Ensure a Safe Workplace

MCR strives to protect the environment and the health and safety of our employees. The Company ensures compliance with applicable environmental laws and regulations and provides a safe and healthy workplace for our employees. We strive to do no environmental harm, and each employee is responsible for observing sensible environmental practices. We maintain a tobacco-free, drug-free, secure workplace where employees are attentive to hazard prevention. Each employee is responsible to follow safety and health rules and to report to appropriate leadership any accidents, injuries, and unsafe equipment, practices, or conditions. You are responsible for complying with environmental, health and safety laws and regulations. Observe all posted warnings and regulations.

Report immediately to the appropriate management any accident or injury sustained on the job, or any environmental or safety concern you may have. You may not be under the influence of alcohol or illegal drugs, or abuse legal drugs, in the workplace at any time. Since MCR also has a tobacco- and smoke-free environment, you may not smoke, use or sell tobacco products on MCR premises.

Maintain Our Financial Integrity

The Company's financial books, records, cost accounts, and financial statements shall properly document all assets and liabilities, accurately reflect all transactions of the company, and are retained in accordance with Company policy and applicable laws and regulations. Company funds may not be used for any unethical purpose. No false entries shall be made on the books or records of the Company or its subsidiaries for any reason. Undisclosed or unrecorded funds or assets may not be established. All Company books, records, accounts, and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions, and conform to applicable legal requirements and to our system of internal controls. Any concerns about financial reporting should be raised with your Director, the Accounting and Finance Department, the General Counsel, the CECO, or the Board of Directors. Complaints or concerns regarding MCR's accounting, internal accounting controls, or auditing matters may be communicated anonymously or confidentially either by writing or by submitting the complaint or concern electronically at *Comments-Ethics@mcrl.com*.

Accurately Charge Labor & Other Costs

Accurately charging labor, material and other costs is essential to maintain the integrity of customer billings, financial reporting, and planning. Deliberate mischarging of work time or timecard fraud violates Company policy and the law. Knowingly charging an unauthorized account or cost objective, or knowingly approving such mischarging, or shifting of costs to an improper account is prohibited. Each employee is responsible for ensuring that labor, travel, material, and other expenses are recorded truthfully. These costs include, but are not limited to, normal contract work, work related to independent research and development, and bid and proposal activities. Supervisors, the Accounting and Finance Department, or the CECO should be contacted if an employee has questions or concerns about proper charging of labor and other costs. MCR customers place special trust and confidence in us when they award us work. We must honor this special trust by ensuring the integrity of our labor recording records. You and your supervisor (or manager) is responsible for understanding and complying with the labor recording policies and procedures at your location. Knowingly mischarging the time that you work or falsifying your time keeping violates company policy and the law. Transactions between the Company and outside individuals and organizations must be promptly and accurately entered in our books in accordance with generally accepted accounting practices and principles in the United States, and in the countries in which we do business. Under no circumstances should you misrepresent facts or falsify records.

Retain Records Appropriately

All MCR business documents, including internal or external correspondence, memoranda, communications of any type, must be prepared as completely, honestly and accurately as possible. Each employee is responsible for maintaining accurate documents, reports and other records. No one may falsify or improperly alter any information contained in MCR's records or assist any other party in doing so. Documents that need not be kept should be disposed of in compliance with relevant MCR

policies. Where litigation or a government investigation is likely or ongoing, records must not be destroyed until MCR's Ethics Officer advises that the matter has been concluded.

Responding to Investigations and Legal Action

MCR values the trust placed in our Company. We face a significant risk of damaging that trust and our reputation when we are involved in an investigation or litigation. We must pay particular attention to conducting our business and ourselves according to the highest standards of business ethics. You are required to cooperate in internal investigations. You must never destroy or alter any documents or electronic records, lie to or mislead an investigator, or obstruct the collection of information relating to an investigation or any legal action brought on behalf of, or against, the Company.

To the greatest extent possible, MCR shall cooperate with government agencies responsible for investigating suspected violations of law. If requested by MCR, you also are required to cooperate with investigations conducted by the government. You must notify the CECO immediately if you learn that a government agency or any third party is conducting such an investigation or asking for information pertaining to a suspected violation of law. The Ethics Office or CECO will help you to review information before it is released to the investigative organization. If during an investigation of a government contract compliance allegation, the evidence gathered indicates that the allegation is valid, MCR has an obligation to make disclosure to the government agency affected by the alleged misconduct.

Avoid Conflicts of Interest, Disclose Potential Conflicts

Directors, officers, employees, consultants, representatives, and agents are required to avoid conflicts of interest between their obligations to the Company and their personal affairs. Any relationship or activity which could or would influence, or appear to influence, performance of one's duties to the Company, must be disclosed to the CECO for review and resolution. A competing personal interest could interfere with the Company's interest, for example, where an individual has a direct and personal interest in a transaction or situation that could affect his or her judgment and divide loyalty to the Company with loyalty to one's own interest. Examples of such conflicts could include:

- employment by a competitor;
- placement of business where the employee or family member has a financial stake;
- acting independently as a consultant to a customer or supplier of MCR; or
- accepting anything of value not approved pursuant to policy from a supplier or potential supplier.

Appearances are important, and avoiding the appearance of a conflict of interest should be our guide in this area.

Directors, officers, and employees are prohibited from personally taking for themselves opportunities discovered through the use of Company information, position, or property without the consent of the Corporate Executive Officer (CEO). No Company information, position, or property may be used for improper personal gain, and no director, officer, or employee may compete with the Company directly or indirectly. Actual or potential conflicts of interest must be disclosed and resolved in accordance with Company policy, in consultation with the CECO, the CAO, or, in certain cases, with the CEO.

Follow the Rules When Hiring Former Government or Competitor Employees

Any discussion or contacts with current or former U.S. Government employees (military or civilian) for the purpose of exploring potential employment or consulting opportunities with the Company are subject to federal conflict of interest laws and regulations. Similarly, once hired or retained, these individuals may be prohibited from certain tasks and duties that relate to their prior responsibilities while employed by the U.S. Government. Consult the CECO to ensure compliance with these rules. Also, when hiring an employee who has worked for a competitor or other third party, we must ensure that their proprietary information and intellectual property is not brought into the Company or used by MCR without authorization. Likewise when leaving the Company, employees are not permitted to take proprietary information to a competitor.

Protect Our Reputation in the Global Business Arena

MCR expects its employees, consultants, representatives, and agents to protect the Company's reputation for integrity in the global marketplace. MCR prohibits improper international business practices and complies with all applicable laws, such as the U.S. Foreign Corrupt Practices Act (FCPA), similar laws of host nations, and related anti-bribery conventions. The FCPA prohibits corruptly offering anything of value to foreign officials to obtain business, and also requires strict internal accounting controls to prevent concealment of bribery. Any request to refuse to deal with potential or actual customers or suppliers, or otherwise participate in a foreign economic boycott, or provide information related to a boycott request, must be reported to the GC or the CECO.

U.S. export laws and regulations, including the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR), require U.S. Government approvals for international transfers of certain technical data, equipment, or technology. Exporting such items without proper authorization to "non-U.S. persons" as defined by the regulations may have severe business consequences. Imports, too, are strictly controlled and are subject to additional regulations and procedures. The export licensing and controls area, as well as rules pertaining to the import of goods and services, are quite complex. Consultation with Company experts in Contracts, and other functions is necessary to ensure export compliance prior to negotiating any foreign transaction to avoid even inadvertent violations.

Steer Clear of Accepting or Giving Improper Gifts

MCR competes on the merits of its products and services and does not use the exchange of business courtesies to gain an unfair competitive advantage. When people exchange business courtesies it can create the perception that favors were granted in order to influence business judgment.

Definition of Business Courtesy:

MCR defines the term business courtesy broadly to mean a gift, gratuity, favor, benefit, loan, commission, discount, forbearance, or other intangible or tangible item having monetary value for which fair market value is not paid by the recipient. Such courtesies include but are not limited to, cash, honoraria, entertainment and recreation (tickets to sporting, recreational or other events, passes, fees, etc.), services, training, transportation, discounts, promotional items, lodging, meals, drinks, door prizes, or use of a donor's time, material, equipment or facilities.

Company business courtesies and conflict of interest policies require the use of good judgment and compliance with laws related to giving or accepting gifts. Employees involved in purchasing goods and services for the Company should not accept gifts from suppliers of more than nominal value (less than \$20), such as promotional items, in order to avoid the appearance of favoritism. With supervisory approval and where there is no conflict of interest, other employees may accept gifts up to a determined amount. Acceptance of any gift above that amount must be reviewed with, and approved by, the CECO. Company policy allows accepting meals or entertainment, so long as it is infrequent, not lavish, and supports Company business interests (such as relationship building with business partners). It is never permissible for MCR employees to solicit gifts or business courtesies.

Government employees, both in the U.S. and in other countries, are subject to varied and complex rules, which often prohibit them from accepting any items of value except as specifically provided under relevant regulations. U.S. Government Executive branch employees typically may only accept gifts (including food and refreshments) valued at \$20 or less on a single occasion, and not exceeding \$50 in a calendar year. Gifts to any elected officials may only be given in strict conformance with applicable laws and subject to advance approvals specified by Company policy. Consult the CECO or MCR's Legal Counsel if considering offering gifts or other business courtesies to government employees of any nation.

We also comply with the U.S. Anti-Kickback Act, which similarly prohibits giving anything of value to an employee of a prime U.S. government contractor or higher tier subcontractor in order to obtain or reward favorable treatment. Gifts offered by employees to commercial customers must be reasonable and are also governed by Company policy.

Engage Only in Lawful and Authorized Political Activity

Voluntary involvement of employees in the political process is encouraged by the Company, but participation must be on an employee's own time, at the employee's expense. MCR contributions or expenditures on behalf of any candidate or political party are made in full compliance with relevant laws and regulations. MCR policy provides a lawful approval process for any political expenditure made on the Company's behalf.

Strictly Adhere to Anti-Trust Laws

MCR values open and fair competition. We want to win, but only with integrity. We do not knowingly enter into business arrangements that eliminate or discourage competition or that provide us an improper competitive advantage, as such

arrangements undermine the free marketplace on which our business depends. If you are involved in any dealings with competitors, you are expected to know that antitrust laws may apply to your activities and to consult with the Contracting Office or the CAO who will contact MCR's Legal Counsel before negotiating with or entering into any arrangement with a competitor. In addition, you should be aware that any of the following may violate antitrust laws:

- Price fixing;
- Boycotting suppliers or customers;
- Pricing intended to run a competitor out of business;
- Disparaging, misrepresenting or harassing a competitor;
- Bribery, kickbacks, or stealing trade secrets;
- Entering into agreements or understandings with competitors to divide the market in which they compete by allocating territories or markets, and/or limiting the production or sale of products or product lines;
- Conditioning the sale of one product/service on the sale of another unwanted product/service; and/or
- Conditioning the sale or purchase of products/services on the requirement that the seller or purchaser not do business with competitors of the Company.

You must avoid engaging in or discussing any of the above activities with competitors, suppliers, or customers, and must report any instances in which such activities are proposed or discussed to the Contracting Office or the CECO who will consult MCR's Legal Counsel.

Market, Bid, Negotiate, and Perform in Good Faith

Truthful and accurate communication of information about our products and services is essential to meeting our commitments to our customers. Employees must be honest in marketing, in preparing bid proposals based on properly estimated cost and pricing data, and in truthfully negotiating contracts. Excellence in performance must be based on our compliance with contract specifications and associated quality and testing requirements. We seek to outperform our competition fairly and honestly, and never through unethical or illegal business practices. MCR's continued long-term success depends on our upholding the integrity of the procurement process in bidding, negotiating and performing contracts for all our customers. We compete fairly and ethically for all business opportunities. You are responsible for dealing fairly with the company's customers, suppliers, competitors and employees. If you are involved in proposals, bid preparations, or contract negotiations, you must be certain that all statements, communications, and representations to prospective customers and suppliers are accurate and truthful. Once awarded, all contracts must be performed in compliance with statements of work, specifications, requirements, and clauses.

Unauthorized Third Party Proprietary and Third Party Source Selection Information

You must refuse any offers to provide MCR with any unauthorized contractor bid and proposal information or source selection information and immediately report the offer to the CECO. You may not use, obtain, accept or receive any information to which MCR is not clearly and legitimately entitled. If you ever have reason to believe that the release or receipt of any information is unauthorized, or you are uncertain as to MCR's legal right to use the information, do not copy, distribute or use it and immediately give it to MCR's CECO or MCR's legal counsel.

Our ideas and inventions, our innovative customer solutions, and other proprietary information, are among MCR's most important assets and must be safeguarded. We have an obligation to maintain the confidentiality of Company proprietary information. This obligation continues even after leaving MCR. Company patents and other trade secrets, as well as classified government information entrusted to us, must be protected. Follow information security guidelines and policies to ensure that unauthorized disclosure of these assets does not occur. Likewise, employees may not use a competitor's proprietary information, regardless of how it was obtained, without proper authorization from the owner. (See also MCR's Business Ethics-Compliance Program section 3.8)

Use Company Assets Appropriately

The Company provides business tools, such as computers, Internet access, telephones, and a wide variety of other equipment, to enable us to be productive contributors to MCR's success. Occasional, limited personal use of these tools or assets is permitted so long as it does not interfere with job performance or otherwise compromise MCR's interests. We also have the same special responsibility to protect all customer resources and assets that are entrusted to MCR for use and safeguarding. You are responsible for the proper use of company and customer property, electronic communication systems, information resources, materials, facilities, and equipment. You must use and maintain these assets with the utmost care and respect, guarding against waste and abuse, and you must never borrow or remove them from company or customer property without management's permission. Company assets are intended to be used for the conduct of MCR's business. You may not use the company's resources to support a personal business or for an illegal act or a purpose which would cause embarrassment to our Company. Use of a corporate credit card for personal use is strictly prohibited.

Report Any Illegal or Unethical Behavior

Observed potential illegal or unethical behavior believed to violate the Code of Conduct must be reported to a supervisor, to the Ethics Office, or to MCR's legal counsel. Reports of alleged misconduct will be investigated, and employee cooperation with internal investigations is required. Substantiated allegations are resolved through appropriate corrective action and/or discipline. Retaliation is prohibited for reports of alleged misconduct made in good faith. Directors, officers, and employees are also expected to proactively seek advice from management, the CECO, or the CAO all of whom will contact MCR's Legal Counsel to determine the best course of action when in doubt about how to respond ethically in a particular situation. MCR also has both internal and external (for anonymous reports) telephone hotlines which can be used to report potential illegal or unethical behavior. See Contact MCR's CECO section of this document.

Changes to or Waivers from the Code of Conduct

Changes to or waivers from the Code for any Director or executive officer may be made only by the Board of Directors and the CECO, and will be promptly disclosed as required by law or regulation.

Related Policies and Additional Resources

Policies which relate to the various sections in the Code of Conduct are listed below. These policies may be accessed on MCR's internal website at *intranet.mcr.com*.

Comply with Law and Regulations

- Business Ethics Compliance Program

Treat People with Respect and Dignity

- 1.2.02 Equal Employment Opportunity / Affirmative Action
- 1.2.03 HIPAA Privacy Rule
- 1.7.02 Productive Work Environment
- 1.7.04 Sexual Harassment
- 1.7.08 Grievance Procedure

Ensure a Safe Workplace

- 1.7.05 Substance Abuse
- 1.7.06 Violence in the Workplace

Maintain Our Financial Integrity

- Records Management -- see 3.5 of Business Ethics Compliance Program
- 8.1.01 Records Management

Accurately Charge Labor & Other Costs

- 2.1.01 Timely Submission of Timecards (ET Completion)
- 2.1.02 Completion of Timecards for MCR Consultants and Subcontractors
- 2.1.03 Business Use of Cell Phones
- 2.1.04 Overtime and Extended Work Week
- 2.1.05 Professional Development / Training
- 2.1.06 Computer Purchase
- 2.1.07 Transportation Subsidy
- 2.1.08 Relocation Assistance
- 2.1.09 Travel Policy
- 2.1.10 Leave Without Pay Policy

Retain Records Appropriately

- Records Management – see 3.5 of Business Ethics Compliance
- 8.1.01 Record Management

Responding to Investigations and Legal Action

- Voluntary Disclosure – see 4.1.07 Investigations and Voluntary Disclosures
- Internal Investigations – see 4.1.07 Investigations and Voluntary Disclosures

Avoid Conflicts of Interest, Disclose Potential Conflicts

- 1.2.04 Conflict of Interest
- 1.2.05 Confidential Nature of MCR Affairs
- 1.3.06 Outside Employment
- 4.1.04 Organizational Conflict of Interest

Follow the Rules When Hiring Former Government Employees or Competitor Employees

- 1.3.01 Recruitment and Hiring
- Employment of Current and Former U.S. Government Employees – contact Human Resources

Protect Our Reputation in the Global Business Arena

- 4.1.01 Doing Business with the Federal Government Compliance

Steer Clear of Accepting or Giving Improper Gifts

- Offering and Accepting Business Courtesies, Gifts and Other Gratuities – see 3.3 of Business Ethics Compliance Program
- 1.1.08 Conflict of Interest
- 4.1.04 Organizational Conflict of Interest

Engage Only in Lawful and Authorized Political Activity

- Domestic Political Contributions and Activities- see 3.8 of Business Ethics Compliance Program

Strictly Adhere to All Anti-Trust Laws

- Compliance with the Anti-Trust Laws – see 3.7 of Business Ethics Compliance Program

Market, Bid, Negotiate, and Perform in Good Faith

- Contract Negotiations – see 3.6 of Business Ethics Compliance Program

Unauthorized Third Party Proprietary and Third Party Source Selection Information

- 4.1.06 Procurement Integrity Act – Disclosure of Receipt of Competitive Information

Protect MCR's Intellectual Property and Proprietary Information

- MCR Employment Terms and Conditions – contact Human Resources
- 1.1.08 Conflict of Interest
- 1.1.09 Confidential Nature of MCR Affairs
- 1.1.10 External Proprietary Information

Use Company Assets Appropriately

- 2.1.03 Business Use of Cell Phones
- 6.1.01 Use of Communications Systems
- 6.1.02 Use of Electronic Mail (Email) Policy

Report Any Illegal or Unethical Behavior

- Business Ethics Compliance Program
- 4.1.01 Doing Business with the Federal Government Compliance
- 4.1.02 Proposal Preparation, Estimating and Truth in Negotiations Act
- 4.1.06 Procurement Integrity Act – Disclosure of Receipt of Competitive Information

Contact Information and Resources

Questions on the MCR Code of Conduct should be directed to the MCR Chief Ethics Officer.

Violations can be reported confidentially via phone or web through Ethical Advocate, an external third party provider.

External Hotline 1-855-289-8242 or via the web at <https://mcr.ethicaladvocate.com>

I acknowledge that I have received my personal copy of *Business Ethics*, the MCR Code of Conduct. I have read and will abide by the Code. I understand that each MCR employee, member of the Board of Directors, agent, consultant, or contract worker is responsible for knowing and adhering to the principles and standards of the Code.

Signature: _____

Print Name: _____

Employee Number: _____

Location: _____ Date: _____

Exhibit 2

I acknowledge that I have received my personal copy of *Business Ethics*, the MCR Code of Conduct. I have read and will abide by the Code. I understand that each MCR employee, member of the Board of Directors, agent, consultant, or contract worker is responsible for knowing and adhering to the principles and standards of the Code.

Signature: _____

Print Name: _____

Employee Number: _____

Location: _____ Date: _____

Exhibit 3

MCR CEO Report Deadlines

December 12, 2011

March 12, 2012

June 11, 2012

September 10, 2012

December 11, 2012

March 11, 2013

June 10, 2013

September 10, 2013

December 11, 2013

March 10, 2014

June 10, 2014

August 26, 2014

Exhibit 4

MCR, LLC Executive Management

Michael P. Galvin
Interim Chief Executive Officer

Vincent J. Kiernan
President

Roderick B. Duke
Chief Operating Officer

Marcia O'Brien
Chief Financial Officer

J. Christopher Neubauer
Senior Vice President, Corporate Operations

Richard Sadala
Interim Senior Vice President, Business Development

Paul G. Shinderman
Senior Vice President, Strategic Planning & Public Relations

Patrick J. Gnazzo
Acting Chief Ethics & Compliance Officer

Exhibit 5



MCR, LLC.
2010 Corporate Ridge, Suite 350
McLean, Virginia 22102
(703) 506-4600
Fax: (703) 506-8601
www.mcrl.com

Date:

To: All Major Suppliers and Major Subcontractors:

As a valued supplier, subcontractor and/or prime contractor to MCR, I want to make you aware of MCR's "*Business Ethics Code of Conduct*" (attached) and to take this opportunity to state MCR's commitment to a culture of excellence, integrity, honesty, service and trust. We ask you to support us by helping to maintain that culture throughout our relationship.

In asking for that support, if you are aware of any improper activity involving MCR employees, please contact MCR's Corporate Ethics and Compliance Officer and General Counsel at (703) 506-4600. If you are uncomfortable to talk to MCR directly, we are providing MCR's Hotline telephone number (1-855-289-8242) and internet address (<https://mcr.ethicaladvocate.com>) which are managed through a third party and are both anonymous.

I can assure you that we will investigate every issue brought to our attention and take the necessary steps to correct and report our findings to the proper government authorities.

Thank you for your support in maintaining MCR's culture of high ethics.